

SECRET  
NSC BRIEFING

1 October 1957

NEW SOVIET PLAN

- I. The USSR's planning troubles of the last year have finally resulted in scrapping of the current (1956-60) Sixth Five Year Plan.
  - A. On 25 September, decree of party and government instructed State Planning Commission to draft a new seven-year (1959-65) plan by 1 July 1958.
  - B. Announcement reaffirms all Khrushchev's present economic policies, claims Sixth Plan was being successfully carried out, attributes decision to write new plan to discovery of new opportunities for expansion. (This is a dodge: the "new opportunities" it cites were all covered in the old plan.)
- II. Although announcement has all the flavor of Khrushchev's braggadocio we think he is trying to avoid getting into a political box.
  - A. He has promised Soviet people a greatly improved standard of living and has promised his political following a continued drive to catch up with the West in per capita industrial production. These two goals conflict.
  - B. Thus Soviet planners have been on the hook--trying to stretch resources far enough to do everything at once.
    1. Result has been that the extremely ambitious Sixth Plan has gotten into real trouble.
    2. This first came to the surface last December when Saburov was replaced as chief planner by Pervukhin. Also a review of the Sixth Five-Year Plan was ordered, to be completed by mid-1957.

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3. Apparently Pervukhin could do no better, for he in turn was replaced by I. I. Kuzmin in May, and the revised plan never appeared.

III. However, the new announcement contains no change in policy. Kuzmin & Co., are thus face to face with the same dilemma as their predecessors--they haven't got enough resources to carry out all of Khrushchev's "bigger and better" schemes.

- A. Although the Soviets apparently do not want to "stretch out" the old plan or give up any of their present programs, something has to give.
- B. Although the planners may solve the problem on paper, competition between priorities is likely to become sharper and we can expect changes either in policy or in personnel, or both.

IV. However, by leapfrogging the plan and reorganizing industry, Khrushchev has fumzed the issue enough to protect himself. He has avoided having to admit in public that the Sixth Plan goals were too high.

- A. He has at least postponed somewhat the "day of reckoning" when the results of his policies will be judged against the goals he has set.

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